

Record for Honesty---Billions Handled and Not a Penny Lost

BY JOHN ELFRETH WATKINS.

Washington, D. C., August 1, 1912.

As records for honesty have been broken by the hundreds of auditors of Lee McCullough, Treasurer of the United States. During the fiscal year lately closed they have handled the unprecedented sum of \$5,501,731,502 without the shortage of a single penny.

Out of this enormous sum every man, woman and child in the United States could be given \$22. Or, if it were equally divided among all the people of Peoria, Savannah or Erie, each would be independently fixed for life with a fortune of \$100,000.

No other office or institution in America, or probably in the world, ever handled nearly so much money in a single year. In the Treasury it passed through thousands of fingers, to none of which it stuck, yet none of these fingers did its work under the argus eyes of government spotters, such as spy through peep-holes at our postal employees.

A Nervous-Wrecking Office.

Were Treasurer McCullough not blessed with cast-iron nerves, he might, during this record year, have spent many a sleepless night reflecting upon the possibility of being reduced to poverty by some dishonest subordinate trusted with part of the handling of such a fortune; for he would have been personally responsible for any peculation therefrom—responsible, at least, to the sum of \$5,500,000. This is the amount of the bond which he had to give Uncle Sam before taking hold of that gentleman's pursestrings. In fact, the responsibilities of the Federal treasurer's office are so great that few men have sought it in the past.

The bond demanded is perpetual. If a shortage discovered in the Treasury vaults a hundred years hence should be traced back to this period of Mr. McCullough's custodianship, the heirs of his bondsmen could be held responsible for it. And yet Congress cannot see fit to require a bond, in any amount, of even the most responsible of its subordinates entrusted with the handling of \$5,500,000 each working day of the year. Had the sum of \$5,500,000, stolen from the Treasury, been traced back to this period of Mr. McCullough's custodianship, the heirs of his bondsmen could be held responsible for it. And yet Congress cannot see fit to require a bond, in any amount, of even the most responsible of its subordinates entrusted with the handling of \$5,500,000 each working day of the year. Had the sum of \$5,500,000, stolen from the Treasury, been traced back to this period of Mr. McCullough's custodianship, the heirs of his bondsmen could be held responsible for it. And yet Congress cannot see fit to require a bond, in any amount, of even the most responsible of its subordinates entrusted with the handling of \$5,500,000 each working day of the year.

Vast Human Cash Register.

The only safeguard which the Treasury has long held over its vast corps of money-handlers is a cleverly contrived system wherein each employee serves as a check upon his own coworker who hands him money and his other coworker to whom he passes it. Each employee is the counterpart of a great, complicated cash register, and when one cogwheel goes wrong the whole machine stops until the cause of the error has been determined. After devoting years to the development of this system, Treasury officials appear to have perfected it to the point where no thief from within can steal a dollar of Uncle Sam's treasure and escape exposure unless a considerable group of his fellow-employees enter into the conspiracy with him, and here—in the Treasury—lies the system's safety.

Thefts by Uncle Sam's money-handlers are now very rare and for really dramatic instances of such dishonesty the Treasury officials have to go back a generation or more to the days before the present system of checks and balances had been perfected.

One of the most famous cases in which the Treasury was robbed by one of its own trusted employees occurred in 1875, when Benjamin Hallock, a clerk in the cashroom, took \$17,000 in Treasury notes of \$500 each. They were not new notes, otherwise their number would have been consecutive, and it would have been an easy matter to identify and trace them.

He Turned State's Evidence.

In this theft Hallock had two accomplices, a saloonkeeper named Ottman, and a sporting character known as "Peggy" Brown. They fell under suspicion, and directly afterward the secret service officers began to shadow Hallock, who, upon being arrested, turned State's evidence and escaped punishment, as did his two accomplices, through a disagreement of the jury.

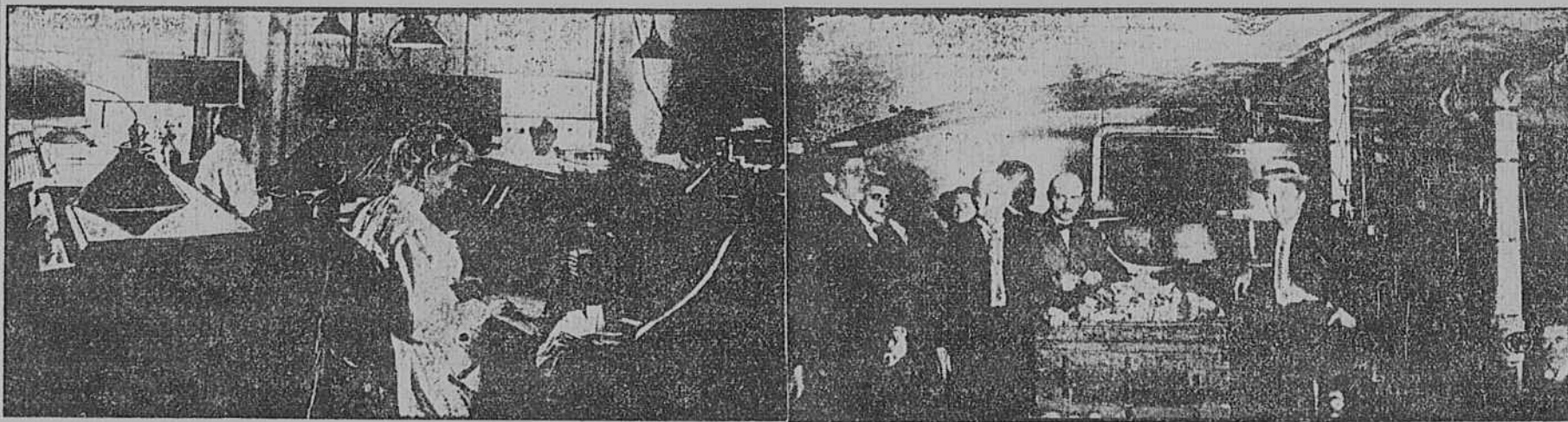
And a scandal was later raised by the discovery that \$14,500 found on



U. S. TREASURER McCULLOUGH. (Copyrighted by Clinedinst, Washington, D. C.)

MONEY IN A UNITED STATES TREASURY VAULT.

Sealing Money Packages, United States Treasury.



EXPERT MONEY COUNTERS, UNITED STATES TREASURY.

MACERATING WORN MONEY, UNITED STATES TREASURY.

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deposit in Alexandria, Va., to the credit of the saloonkeeper, Ottman, and which was supposed to be part of the stolen money, had been turned over to the counsel for the accused man.

Indeed, the government seems to have gotten very little satisfaction from its prosecutions of these early cases of theft by trusted Treasury employees. About this same time that Hallock and his pals escaped punishment a young clerk in the redemption division of the treasury's office—the branch where stolen and worn-out money is redeemed with new notes—stole an amount somewhat less than \$100,000, and although the theft was traced to him, he had "influence" behind him and escaped trial.

Dirty Money Most Tempting.

The redemption division offered the chief temptation of these times as worn and soiled money was not so liable to be missed as new currency packed in bundles and consecutively marked. When the redemption office was first established, in 1874, a trusted Treasury clerk, with a twenty-year record for honesty, was transferred to it. The temptation to steal a small fortune in filthy lucre soon became too strong for him, and after he had taken some \$120,000, the theft was revealed by the state of his books, which he had falsified to conceal the peculations. This man also got off scot-free. After influential friends outside the Treasury had made good \$100,000 of the shortage, and his fellow-clerks had contributed the remaining \$20,000, the officials agreed not to prosecute.

There was one famous theft in the treasury's office, however, which was punished during these early times. Early in 1877 a valuable money sack was consigned by Treasurer Wyman to the First National Bank of Chicago. It was supposed to contain \$12,000 in one-hundred-dollar notes, numbered consecutively, but when opened in Chicago nothing was found in it but tissue paper, cut in the exact size of the missing money. To all outward appearances the package was as it should have been, and the envelope, seal and sealing wax were such as to apparently indicate its genuine character. Treasurer Wyman put the matter at once in the hands of J. J. Brooks, then chief of the secret service, who placed under rigid surveillance all who had handled the package in either Washington or Chicago.

An Innocent's Guilty Symptoms.

In the cash room of the treasury's office the package—according to the regular routine—had passed through the hands of four men in different cages. The first three had been responsible for counting, approving and tying up the notes, and the fourth with addressing it. These four men were examined separately as to all they knew about the package, and the one man against whom there was not the slightest suspicion—who, indeed, proved innocent at the end of the investigation—showed more symptoms of guilt than any of the others. When questioned he turned pale and trembled like the proverbial aspen leaf.

Having passed the counter, the prover and the scaler, Chief Brooks finally came to the address, named Winslow. He was a tall, handsome man, with sharp black eyes and a magnetic manner. Brooks placed the package on Winslow's desk and proceeded to question him, first about the handwriting of the address. Then the secret service chief suddenly turned his back to the suspect, as if to speak to some one else, but took care to watch him out of the tail of his eye.

Quick as a flash, Winslow turned back the flap of the package, took the contents, and his motion at once aroused the suspicions of the detective, who, to disguise the coincidence, asked Winslow to help him watch the other three men. Winslow jumped at the chance, and the same

afternoon came to Brooks's room three times to relate his suspicions of the others.

Clever Detective Work.

But when he left the Treasury that afternoon Winslow was under a close shadow. What he spent that afternoon and during the days following was recorded by the sleuth who followed him. His mail was also examined, and it was discovered that he had begun to pay off some heavy debts owed in Maryland. In one letter he spoke of his wife having come into some property, which was found to be untrue. The fact was that the suspects only legitimate source of funds was his salary of \$300 per month, out of which he was supporting a family. Everything he did was reported to Brooks.

One Sunday morning Winslow was seen by the secret service men to enter an F Street office. One sleuth followed him home and the other covered the man on whom he called. This man shortly afterward walked to the street residence of Treasurer Wyman. There was no one about but the detective, who took care to keep out of sight, but who saw the man toss a package into the treasurer's vestibule. Then, a few minutes later, the man came back, rang the door bell and stated that while passing he had chanced to see the package on the steps. This package when opened contained all of the stolen money except about \$100.

Fatal Lack of Cleverness.

But, despite his cleverness, Winslow neglected to destroy the most damaging evidence against him. When arrested in his home that Sunday morning he wore a dressing gown. In one pocket were found the trimmings of the paper he had used to manufacture the counterfeit envelope, which the package was expressed to Chicago, and in the other pocket were some pieces of the sealing wax used. In his waistcoat pocket were two one-hundred-dollar notes bearing numbers consecutive to those thrown into Treasurer Brooks's vestibule.

Winslow broke down, confessed, was sent to the penitentiary for eighteen months, and after his release went abroad. Together to the bad investigation showed that he had served a sentence for forgery before political influence had gained him a place of trust in the treasury's office. That was before the days when the civil service commission commenced to look into the past records of trusted government employees.

The only case in which a woman employee ever robbed the Treasury occurred some twenty years ago. She was a counter of worn money, who had a record of about twenty-five years in the department. In fact, her appointment had been made through the direct influence of a President of the United States. She was considered an excellent counter and up to the time when Albert Delany took charge of the redemption division had never been suspected.

Betrayed by Her Vanity.

But love of display eventually proved her undoing. One day as the Treasurer of the United States, Mr. Wyman, and Chief Delany were walking to the department, neither being able to afford a vehicle, they were surprised to see their trusted subordinate pass them in her private turnout, with liveried coachman. Surprised that she could afford such service on a salary of \$1,600 a year, they immediately commenced an investigation.

This resulted in the discovery that she maintained an establishment not only in Washington, but in the country, and that she had sent her son to Europe to be educated. Further inquiry developed also that in her social career she lived under a name distinct from that by which she was known in the Treasury.

At last, after keeping her under careful scrutiny, the two officials traced to her desk an error in the redemption account. Investigation disclosed that in three days she had stolen \$400 in old money, which she should have sent to the macerator, to be ground into pulp. Later it was estimated that she had probably been stealing at this rate over \$300 a day for a long period.

Her Mother Was Clever.

She had invented an ingenious method for concealing these thefts. After taking ten worn bills, she would, by a system of tearing and pasting, so manipulate them that she could make ten torn bills out of nine almost whole ones. This having been done, she would put the tenth—a fair good bill—in her pocket and pass the others on to the macerator. It was never discovered whether her deft fingers did this work at home or at her desk. She had a lover—a married man—who was suspected as her confederate. It was disclosed that she had loaned him generous sums. Faced with the evidence against her, she confessed to having stolen \$100,000 and by misappropriating her property made good this amount. Soon afterward she was stricken with cancer and died without having faced a jury.

All treasurers of the United States have had to make good amounts stolen by their subordinates, unless the guilty parties or their relatives have covered the thefts. During Treasurer Morgan's term, in the second civil administration, sheets of the bills to the value of \$200 disappeared, and Mr. Morgan gave the Treasury his check silver was abstracted from one of the vaults by an employee, but as the latter's relatives primed the government for this amount the treasurer had to pay nothing.

Substituted Lead Disk.

It took some time to pursue Treasurer Morgan. When he expired in 1887 a count of all the billions in the Treasury was made that he might obtain a receipt. Treasurer Roberts, during Mr. Morgan's term, was assisting in the handling of the bills, and access to the vaults while the official counts were not taking, and stole \$600,000 in silver dollars, for which he was sentenced to life in prison. The man was sent to the penitentiary, and the retiring treasurer had to pay the \$600,000 back to the Treasury.

It has been the inevitable rule of Congress to reimburse treasurers of the United States for losses covering shortages. Two years ago there was discovered in the redemption division a mysterious leak through which \$1,000,000 had passed into unknown hands. This unexpected weakness in the Treasury's great cash register, with its human eye, was at once repaired beyond possibility of repetition, and Congress made good the shortage.

A young Treasury clerk is now in trouble because he has been exposed as a thief. He was discovered during the Democratic campaign, but he is not connected with the handling of Uncle Sam's money. His criminal status is that of any outsider who gains in the peculation of a government office, and the treasurer of the United States will not have to square the account. (Copyright, 1912, by John Elfreth Watkins.)

WEST POINT

(Special to The Times-Dispatch.)

West Point, Va., August 3.—Among the pleasant entertainments of the week was one given by friends of Sam Hardy on board the steamer Louise, of which he is purser. The following party left here on Monday night on an excursion, spending that night at Walkerton, up the Mattaponi River, going next day on the steamer Aylett and back to Walkerton, and on Wednesday returning to West Point. Misses Josephine Ware, Myrtle Carr, May Owens, Marian Lewis, Emily Puller and Mrs. Roscoe Spender and Walter Hargrave.

spent Thursday night with friends in Waverly.

Dr. John F. May spent Wednesday of this week in Richmond.

Walter S. Capell, of Lawrenceville, is spending some time with friends and relatives in Waverly.

Mr. and Mrs. Jester A. Gray, of Milton, Del., are spending the summer with Mrs. K. B. Hurt on West Main Street.

Mrs. A. E. Martin left for Ocean View on Tuesday morning, where she will remain for two weeks.

WINCHESTER

(Special to The Times-Dispatch.)

Winchester, Va., August 3.—A large number of the farmers of the State who came to attend the ninth annual session of the Virginia Farmers' Institute, held this city on Thursday and Friday, were accompanied by their wives and daughters, and although the sessions were devoted to agricultural matters, the numerous private entertainments, the Frederick County Fruit Growers' Association entertained over 200 guests at a luncheon on Thursday in House Hall, and yesterday the visitors were entertained at a unique luncheon in the large hall of the Hotel. Mrs. S. L. Lupton, wife of the mayor, presided.

Fashionable society was out in force yesterday afternoon at the first of a series of tennis games to be played by teams of Frederick, Md., and Winchester, the tourney being held on the private tennis court at the home of Mr. and Mrs. Harry R. Kern, corner of Fairmount Avenue and Peyton Street, from 2 to 6 o'clock. Mrs. Kern gave a delightful luncheon in honor of the players, and some of her friends at the conclusion of the game.

Mrs. Mace and her two daughters, the Misses Mace, returned to Baltimore this week, after spending some time with friends in town.

Miss Sarah Walter has returned from Harrisonburg, where she spent the month of July.

Miss Fene Capell has returned from a visit to relatives at West Virginia, and was accompanied home by Mrs. Les Pine, of Berkeley County.

Mr. and Mrs. Alfred McKay, of Baltimore, have been visiting Mrs. J. F. McKay, near town.

Dr. A. C. Swinley has returned from a visit of several days to friends in Richmond.

Mrs. Carrie Vealley Esterline has returned to Dayton, O., after an extended visit to relatives and friends here.

Miss Nellie Dupuy left this week to visit friends in Washington.

Mr. and Mrs. J. J. Carroll, who have been visiting relatives in town, have returned to East Orange, N. J.

Mr. and Mrs. Joseph H. Day and Miss Mary Mayer have returned to Augusta, Ga., after visiting Dr. and Mrs. Branta M. Rozell.

Miss Jessie Hill, who has been visiting Miss Anna Stille, has returned to Baltimore.

BLACKSBURG

(Special to The Times-Dispatch.)

Blacksburg, Va., August 3.—Mrs. O. C. Buckner, of Bedford City, Miss Margaret Buckner, of Norfolk, and other members of the family are spending the month of August with Miss Laura Miller, at Eldersburg, Green.

Mr. and Mrs. Robert C. Price, of the Miller School, were guests this week of Professor and Mrs. T. C. Campbell.

Professor F. H. Abbott, of Baltimore, formerly of the Virginia Polytechnic Institute, is a house guest of Professor and Mrs. J. J. Davidson.

Miss Louise Black and Louise Hoge have returned from Wytheville, where they attended a house party given by Miss Hildegarde.

Miss Gertrude Butler, of Jackson, Miss., is the guest of Professor and Mrs. E. H. Adams, of the institute.

Miss Galt, of Norfolk, arrived here Thursday to be the guest of Miss Margaret Barringer, at "The Grove."

Miss Robt. Crumacker, in spending two weeks as the guest of relatives at Harrisonburg.

Dr. C. M. Newman, Mrs. Newman and the Misses Newman, left Friday to spend the month of August at Bristol.

Mrs. Herbert Fisher and little son, of Memphis, Tenn., arrived here Thursday to be guests of Mrs. J. Bolton McBrady.

HENDERSON

(Special to The Times-Dispatch.)

Henderson, N. C., August 3.—H. Allen, P. W. Rowland, C. E. Page, C. S. Finch, G. N. Gill, P. H. Robbitt, C. E. Galt, Mrs. R. H. Kerner, and Roy Dickerson, returned Tuesday from their trip to Ocean View, Washington, Baltimore, Philadelphia, New York and Atlantic City. They were away ten days.

Mrs. S. H. Allen, Mrs. S. E. Kerner, Mrs. and Mrs. L. W. Brown, Misses Mr. and Mrs. Bertie Kerner left Tuesday for several weeks at Ocean View. Monday afternoon at Mrs. M. J. Galt's there was organized the "Garrison Randolph Smith Chapter, Children of the Confederacy." Mrs. O'Neil was elected leader at the last meeting of the United Daughters of the Confederacy. The children elected the following officers: Miss Susan Lamb, vice-leader; Miss Tombs, secretary; Master William Waddill, treasurer.

WAVERLY

(Special to The Times-Dispatch.)

Waverly, Va., August 3.—T. E. Johnson, of Greensboro, N. C., is visiting in the home of his father, T. W. Johnson, near Waverly.

Miss Hutchins, of Charlotte, N. C., is spending some time with Mr. and Mrs. L. E. Shipp, on Main Street.

Mrs. John F. May and son, John, are visiting her daughter, Mrs. W. F. Dunaway, at Beckley, W. Va.

Mrs. A. J. Gray and daughters, Miss Nellie and Miss Lillie Vaughan have returned from a two weeks' trip to Virginia Beach.

Miss Helen Sampson, of Austin, Tex., and Miss Helen St. John, of Mobile, Ala., are visiting in the home of Mr. and Mrs. E. W. Chappell, on Main Street in Greensboro.

Colonel Robert W. Arnold has returned to his home in Waverly, after spending two weeks in Alabama and Georgia.

Miss Olivia Morris, of Wakeneld,

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